

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF FARMERS)
RURAL ELECTRIC COOPERATIVE) CASE NO. 2004-00472
CORPORATION FROM NOVEMBER 1,)
2002 TO OCTOBER 31, 2004)

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission on December 13, 2004 established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Farmers Rural Electric Cooperative Corporation ("Farmers") for the 2 years ended October 31, 2004.

As part of this review, the Commission ordered Farmers to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Farmers has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Farmers has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky Power Cooperative, Inc. ("EKPC"), the wholesale supplier of Farmers, has been authorized to transfer (roll-in) a 4.65 mills per kWh increase in the base fuel cost to its base rates.¹

3. Farmers should be authorized to transfer (roll-in) a 4.91 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 4.65 mills per kWh increase in EKPC's base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

4. The rates and charges in Appendix A are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rates.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Farmers through the FAC for the period November 1, 2002 to October 31, 2004 are approved.

2. Farmers is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by EKPC from its FAC to its base rates.

3. The rates in Appendix A are approved for service rendered by Farmers on and after June 1, 2005, the effective date of EKPC's change in rates.

4. Within 30 days of the date of this Order, Farmers shall file with the Commission revised tariff sheets setting out the approved rates.

¹ Case No. 2004-00464, An Examination of the Application of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2002 to October 31, 2004.

Done at Frankfort, Kentucky, this 24th day of May, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00472 DATED MAY 24, 2005

The following rates and charges are prescribed for the customers in the area served by Farmers Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned in this Order shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

CLASS 1 RESIDENTIAL

Schedule R:	
Minimum Bill	\$ 6.96
First 50 kWh (per kWh)	\$.13929
Remaining kWh (per kWh)	\$.06120
Schedule RM (ETS):	
All kWh (per kWh)	\$.03672

CLASS 4 SMALL COMMERCIAL AND INDUSTRIAL (BELOW 50 KW)

Schedule C-Section 1:	
Minimum Bill	\$ 6.96
First 50kWh (per kWh)	\$.13929
Remaining kWh (per kWh)	\$.06437
Schedule CM (ETS):	
All kWh (per kWh)	\$.03862

CLASS 5 LARGE COMMERCIAL AND INDUSTRIAL (50 KW & ABOVE)

Schedule C-Section 2:	
All kWh (per kWh)	\$.04902
Schedule D (TOD):	
All kWh (per kWh)	\$.04902
Schedule E:	
All kWh (per kWh)	\$.03517

CLASS 6
STREET LIGHTING

Schedule SL:

All kWh (per kWh)

\$.03859

ALL CLASSES
OUTDOOR LIGHTING

Schedule OL:

Mercury Vapor 175 Watt

\$ 6.35

Mercury Vapor 250 Watt

\$ 7.12

Mercury Vapor 400 Watt

\$ 10.76

Mercury Vapor 1,000 Watt

\$ 18.14

Sodium vapor 100 Watt

\$ 6.85

Sodium Vapor 150 Watt

\$ 7.85

Sodium Vapor 250 Watt

\$ 10.52

Sodium Vapor 400 Watt

\$ 13.31

Sodium Vapor 1,000 Watt

\$ 28.60